

# **Iraq Weekly Status Report**

**September 03, 2008**

**Bureau of Near Eastern Affairs  
US Department of State**

**Unclassified**



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## HIGHLIGHTS

- GOI Evacuating Squatters to Help Facilitate the Return of Displaced Citizens (**POLITICAL, page 4**)
- Iraq Assumes Security Control of Anbar Province (**SECURITY, page 8**)
- Iraq and China Ink Deal on Ahdab Oil Field (**ECONOMIC, page 13**)
- Salah al-Malki is named Bahrain's new Ambassador to Iraq (**DIPLOMATIC, page 23**)



## POLITICAL - Governance & Legislation

### GOI to Facilitate Return of Displaced Iraqis: Evacuate Squatters:

- On August 18, the Iraqi government announced plans to facilitate the return of displaced Iraqis including property restitution, eviction of illegal squatters, and financial assistance. The Iraqi government will open two reception centers in Baghdad, where prospective returnees can document their property and ask the government to evict illegal occupants. Minister of Displacement and Migration Abu Samed Sultan stated that returnees would receive payments of one million Iraqi Dinars (\$805) and committed to make payments of 300,000 Iraqi Dinars (\$254) per month for a period of six months to registered internally displaced persons squatting in homes of returnees who are forced into secondary displacement by the property restitution process.



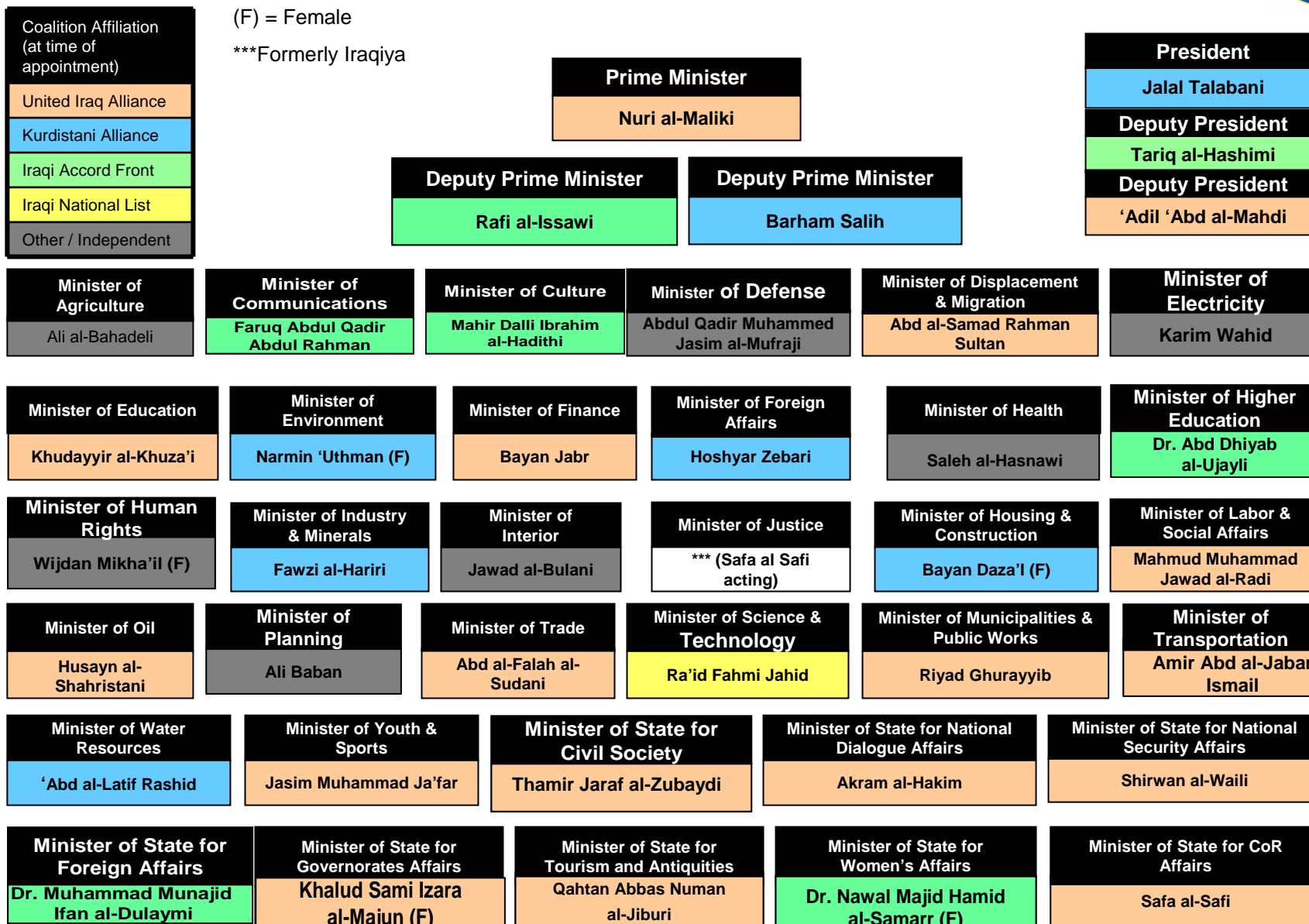
## POLITICAL - Provincial

### Iraq Will Rebuild Abu Ghraib Prison:

- In 2006, the Abu Ghraib prison was shut down after extensive media coverage of abuses of prisoners by Coalition Forces. An Iraqi spokesman declared that a committee had been formed to oversee the reconstruction of the prison, which is located to the west of Baghdad. The spokesman also said that the new prison will include a museum depicting crimes committed by former dictator Saddam Hussein. Since the Abu Ghraib events, the "United States has made considerable efforts to improve the conditions at its remaining prisons in Iraq."



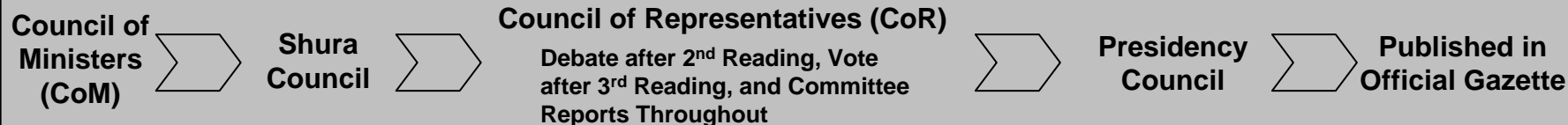
# POLITICAL – Government of Iraq





# POLITICAL – Key Legislation and Refugee Update

## Legislative Process



Provincial Elections	Passed July 22; vetoed July 26. Negotiations continued after the scheduled July 30 recess but no compromise was reached. The CoR recessed August 6 and is scheduled to reconvene on September 9 after summer recess.
Hydrocarbons Package	The level of control allocated to the central government in the July 2007 draft version of the Framework Law (currently in CoR Committee) is the key point of disagreement; there may be more progress on the Revenue Management Law, currently with the Shura Council, in the coming months.
Amnesty Law	PASSED: CoR approved the law on February 13; the law was signed by the Presidency Council February 26 and was implemented March 2.
Pensions Amendment	PASSED: Published in the Official Gazette December 2007.
De-Ba'athification Reform	PASSED: Approved by default by the Presidency Council February 2008. Published in the Official Gazette in mid-February.
Provincial Powers	PASSED: CoR approved the law on February 13; the law was vetoed by the Presidency Council February 26. The veto was rescinded on March 19, allowing the law to take effect.

## Refugee Update

Refugees in the region: 2-2.4 million

Internally displaced persons in Iraq: 2.7 million

The U.S. expects to admit 12,000 Iraqi refugees in FY08; 10,477 refugees have been admitted thus far in FY08. 12,085 Iraqi refugees have been admitted since FY07.



## SECURITY - Situation Update

### Iraq Assumes Security Control of Anbar Province:

- The U.S. military handed security responsibility of Anbar province to the Government of Iraq September 1, signaling a significant step in the country's security progress. Anbar province was the eleventh of eighteen provinces to transfer to Provincial Iraqi Control, and the first which borders the capital of Baghdad. Anbar, once the focus of Iraq's Sunni insurgency and home to al-Qaida in Iraq (AQI), has experienced a striking decline in violence since local Sunni leaders began opposing AQI last year and started the Awakening movement.

### Tensions Rise between GOI and KRG:

- Tensions between the Kurdistan Regional Government (KRG) and the Government of Iraq (GOI) arose last week over the presence of Kurdish Peshmerga units in the town of Khanaqin in Diyala province. As part of the GOI's Diyala operations, Iraqi Army (IA) units pushed into ethnically mixed areas of northern Diyala, which had been patrolled by the Peshmerga forces. At the request of the GOI, the Peshmerga units withdrew northward to the edge of the Kurdish autonomous zone, leaving behind some forces to secure Kurdish interests in Khanaqin. Tensions increased with the possibility of IA units also entering the city. Both sides are seeking to avoid a conflict, and recent negotiations have helped to dissipate tensions.





## SECURITY – Security Transition

### Iraqi National Police Graduate Carabinieri Training in Baghdad:

- 400 Iraqi National Police graduated from specialized Carabinieri training led by the Italian Police August 28, in Baghdad. Since it began last November, 2,013 police graduated from the eight-week training program. Iraq's Ministry of the Interior plans to increase each class size to 900 by November of this year.

### More than 11,000 Detainees Released in 2008:

- Coalition Forces have released more than eleven thousand Iraqi detainees thus far in 2008, far surpassing 2007's total of 8,900. While interred, the detainees had the option to participate in a variety of educational and vocational programs designed to give them the necessary skills to be productive members of Iraqi society. As a major testament to its success, the program has a re-internment rate of less than 1 percent.



# SECURITY - Iraqi Security Forces

Iraq Security Forces as of June 30, 2008 <sup>a</sup>			
Component	Current Authorized Personnel	Assigned <sup>c</sup> Personnel	Total Trained Personnel to date
<b>Ministry of Interior (MoI) Forces <sup>e</sup></b>			
Iraqi Police Service <sup>f</sup>	292,001	299,757	186,365
National Police <sup>g</sup>	33,670	39,544	47,449
Border Enforcement	38,205	41,525	32,177
<b>Total MoI</b>	<b>363,876</b>	<b>380,826</b>	<b>265,991</b>
<b>Ministry of Defense (MoD) Forces <sup>h</sup></b>			
Army	169,024	174,268	218,068
Support Forces	15,583	18,336	21,144
Air Force	3,228	1,886	2,245
Navy	1,893	1,872	1,494
<b>Total MoD</b>	<b>189,728</b>	<b>196,362</b>	<b>242,951</b>
<b>Counter Terrorism Bureau</b>			
Special Operations <sup>i</sup>	4,733	3,782	4,564
<b>Total Iraqi Security Forces</b>	<b>558,337</b>	<b>580,970</b>	<b>513,506</b>

\*\*The decrease in authorized MoD forces from the April 30 Weekly Status Report with ISF data as of March 31 reflects a change in a temporary GOI policy to increase front line units to 120% of authorized end strength to maintain present-for-duty totals at 100% while soldiers took leave. This change will make ISF reporting consistent with standard military personnel accounting practices in other countries and provide a clearer representation of ISF manning levels.

- a. Numbers do not include ministry staffs.
- b. Numbers reflect Government of Iraq (GOI) authorizations.
- c. Numbers are based upon GOI payroll data and do not reflect present for duty totals.
- d. Numbers reflect total Iraqi Security Forces (ISF) personnel trained to date, some of which are no longer assigned due to casualties, AWOL, and normal separation.
- e. MoI strength excludes other services within Ministry Of Interior (MOI), including the MOI HQ, MOI Forensics, Facility Protection Services, and contracted guards.
- f. The Iraqi Police Service consists of all provincial police forces (station, patrol, traffic, and special units) assigned to all 18 Iraqi provinces.
- g. Includes the national Emergency Response Unit.
- h. The Ministry Of Defense (MOD) authorized numbers are derived from Modified Tables of Organization and Equipment (MTOEs).
- i. The MoD Army Training and Support Forces include logistics units and training center cadre.
- j. Does not include personnel assigned to Counterterrorism Bureau (CTB) or Counterterrorism Command (CTC) headquarters.



## ECONOMIC – Economic & Government Capacity Update

### Iraq's Bonds Yield Highest Return in Emerging Markets:

- Merrill Lynch & Company's emerging market bond indexes showed that Iraq's \$2.7 billion of 5.8% bonds due 2028 increased in value by 45% from over the last year since August 2007. Iraqi bonds rallied despite the large losses seen elsewhere in credit markets. The interest rate spread above U.S. Treasuries that investors in Iraqi bonds expect to receive has declined to 4.84 percentage points from 7.26 percentage points a year ago. This spread is narrower than for the notes of the Ohio based banks, National City Corp. and KeyCorp. Since August 2007, Iraq's bonds had the highest returns in the emerging markets and their yield spread is smaller than for Argentina, Ecuador, Ukraine, and Venezuela, according to JPMorgan indexes.



## ECONOMIC – Economic & Government Capacity Update

### ArcelorMittal to Invest in Venture in Basrah:

- Investors are cautiously entering Basrah in the wake of the improved security situation, which was brought about by the Iraqi Army's offensive. With 70% of Iraq's oil resources and its only deep water port, Basrah has caught the eye of foreign investors. ArcelorMittal, the world's largest steel producer, submitted a proposal for a venture with a state-run steel mill. ArcelorMittal's initial investment in the deal is \$1 billion, and total investment is expected to be \$3.2 billion. The company said it was looking to enter the steel market in Iraq as reconstruction picks up, in addition to supplying steel throughout the region. Obstacles to further investment and development in Basrah still lie ahead, such as an intermittent electricity supply, corruption, security concerns, and a misunderstood regulatory environment. The private sector in Iraq also remains underdeveloped; of the 12,000 companies in Basrah, only a few employ more than 20 people.



## ECONOMIC – Oil

### Crude Oil Update:

*Price averages in world markets closed with the following prices:*

Basrah Light at \$103.77/barrel

Dated Brent at \$113.02/barrel

WTI Cushing at \$115.51/barrel

Oman/Dubai at \$112.01/barrel

*Revenue estimates:*

2006: \$31.3 Billion

2007: \$41.0 Billion

2008: \$48.2 Billion (ytd)

### Iraq and China Ink Deal on Ahdab Oil Field:

- The Iraqi Council of Ministers (CoM) approved a \$3 billion service contract with the China National Petroleum Company (CNPC) September 2 to develop the Ahdab oil field. Officials from the Iraqi Ministry of Oil announced the Government of Iraq and China had signed this deal August 26. The contract, originally drafted in 1997 as a production-sharing agreement and valued at the time at \$1.2 billion, was renegotiated as a service agreement and grants CNPC the development rights to the field for 20 years.



## ECONOMIC – Oil

### Ministry of Oil Reports on July Oil Export Figures:

- The Ministry of Oil announced August 27 that oil exports for the month of July reached 58.8 million barrels, a 700,000 barrel increase over June 2008. The average price per barrel was \$113.8, yielding a total of \$6.692 billion. July prices were down from June's record highs of \$123 per barrel. 46.9 million barrels were exported through southern Iraq and 11.9 million exported to the Turkish port of Ceyhan. Though an increase over June, July's levels did not reach May's 62.4 million barrels, the highest export total since before Operation Iraqi Freedom began in March 2003.



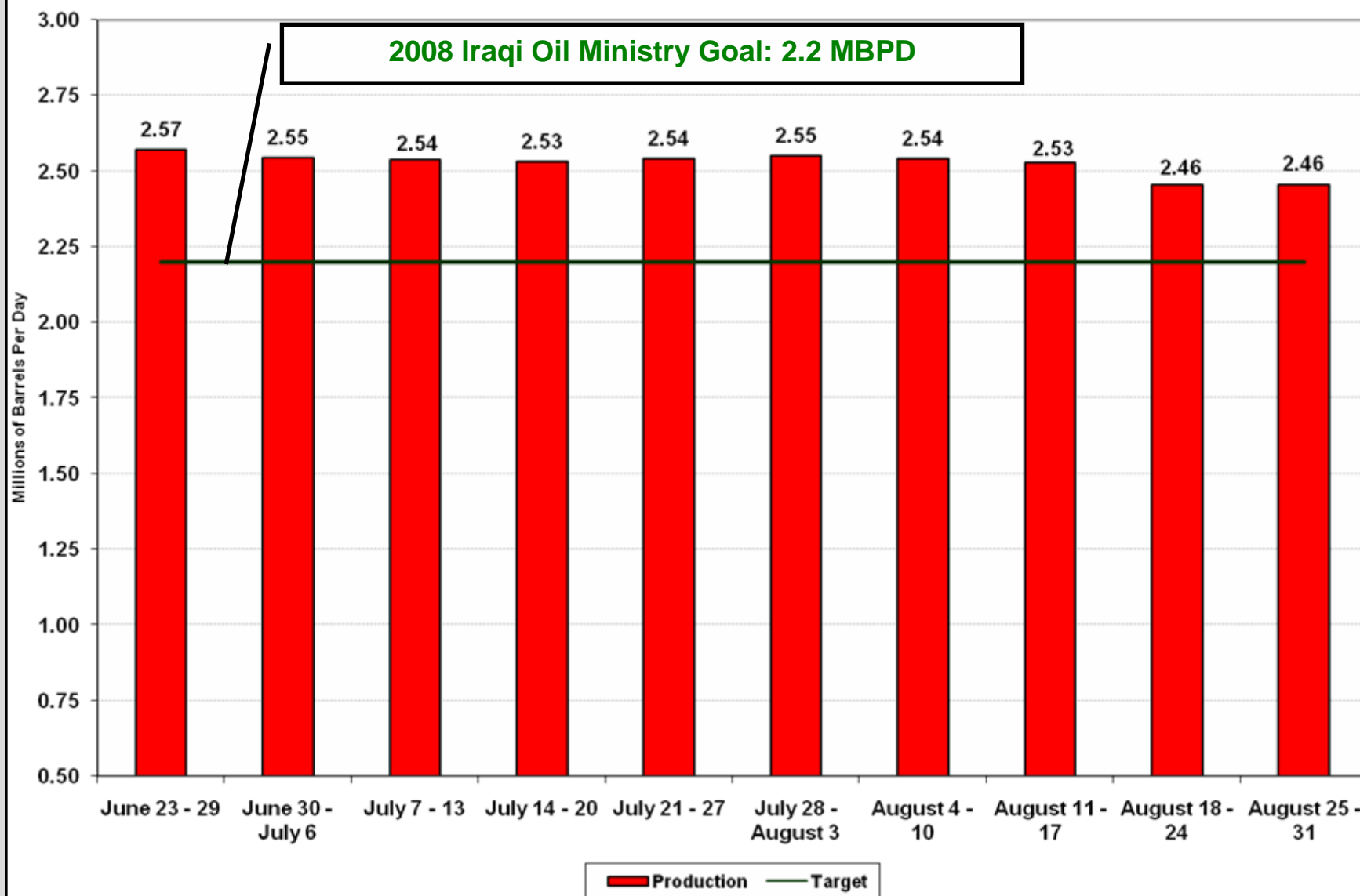
## ECONOMIC – Essential Services

### Municipal Building Opens in Ramadi:

- Citizens, local and municipal leaders gathered on August 24 to celebrate opening of Ramadi's 17th Street Municipal Building. The building, which once served as a student dormitory, was severely damaged during the early stages of Operation Iraqi Freedom and often served as a base for insurgent activities. Known by locals as "Red Building" for its distinctive color, it will house the local government's city hall, as well as the offices of the mayor, city council members, and other elected and appointed city officials.



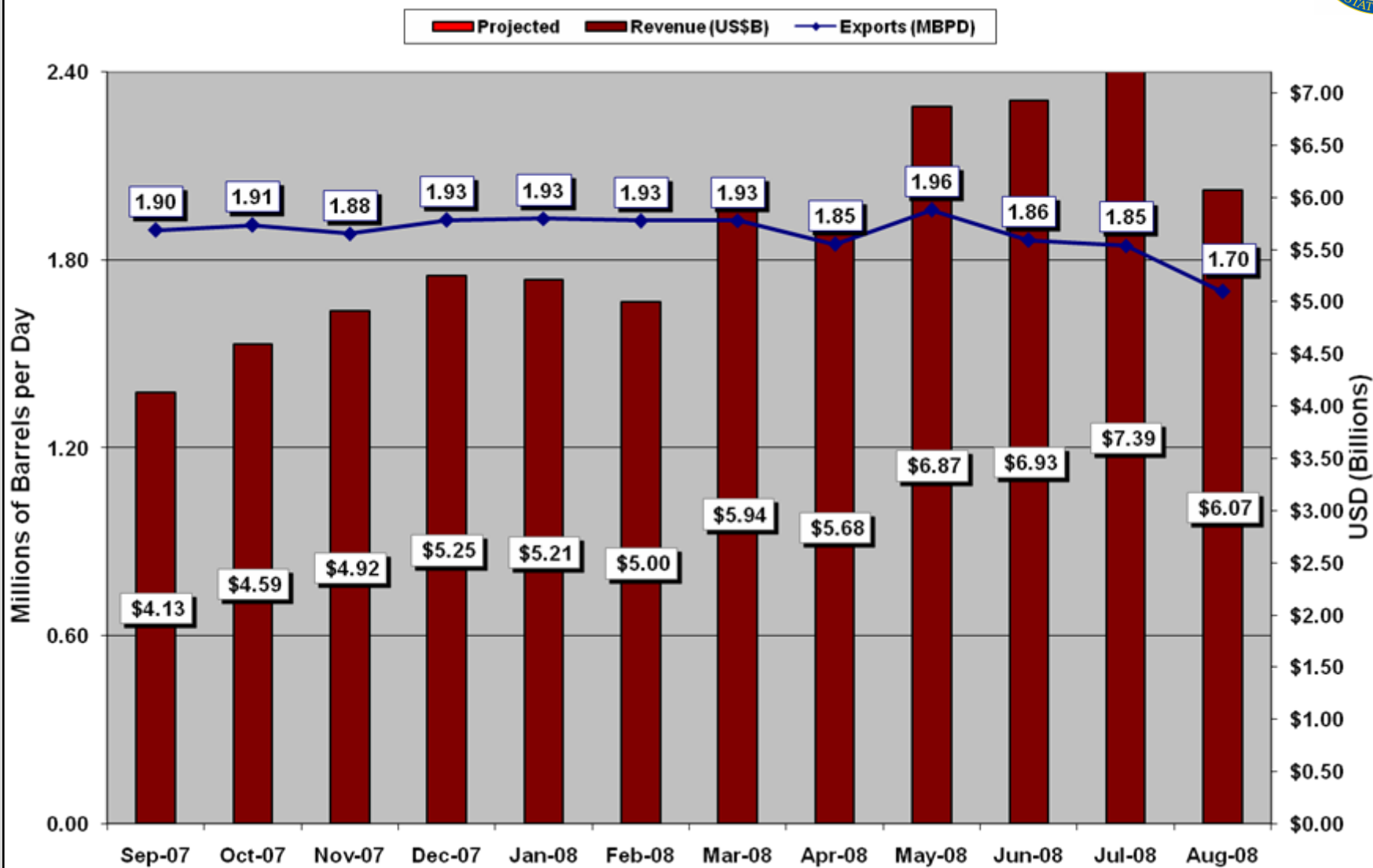
## ECONOMIC – Crude Oil Production







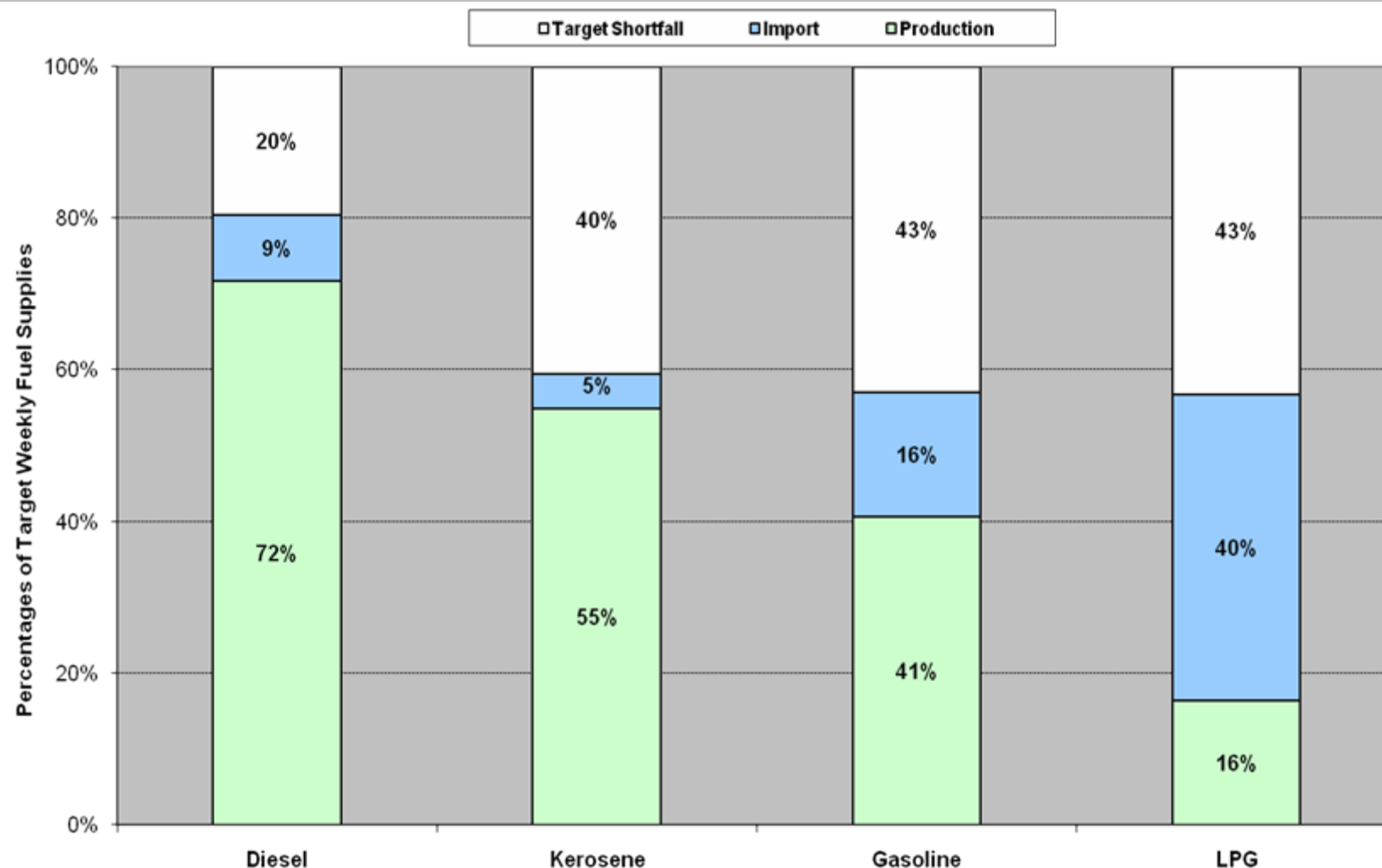
# ECONOMIC – Crude Oil Export



- 2006 Revenue Estimate: \$31.3 Billion
- 2007 Revenue Estimate: \$41.0 Billion
- 2008 Revenue Estimate: \$49.1 Billion (ytd)



## ECONOMIC – Total Critical Refined Product Supplies



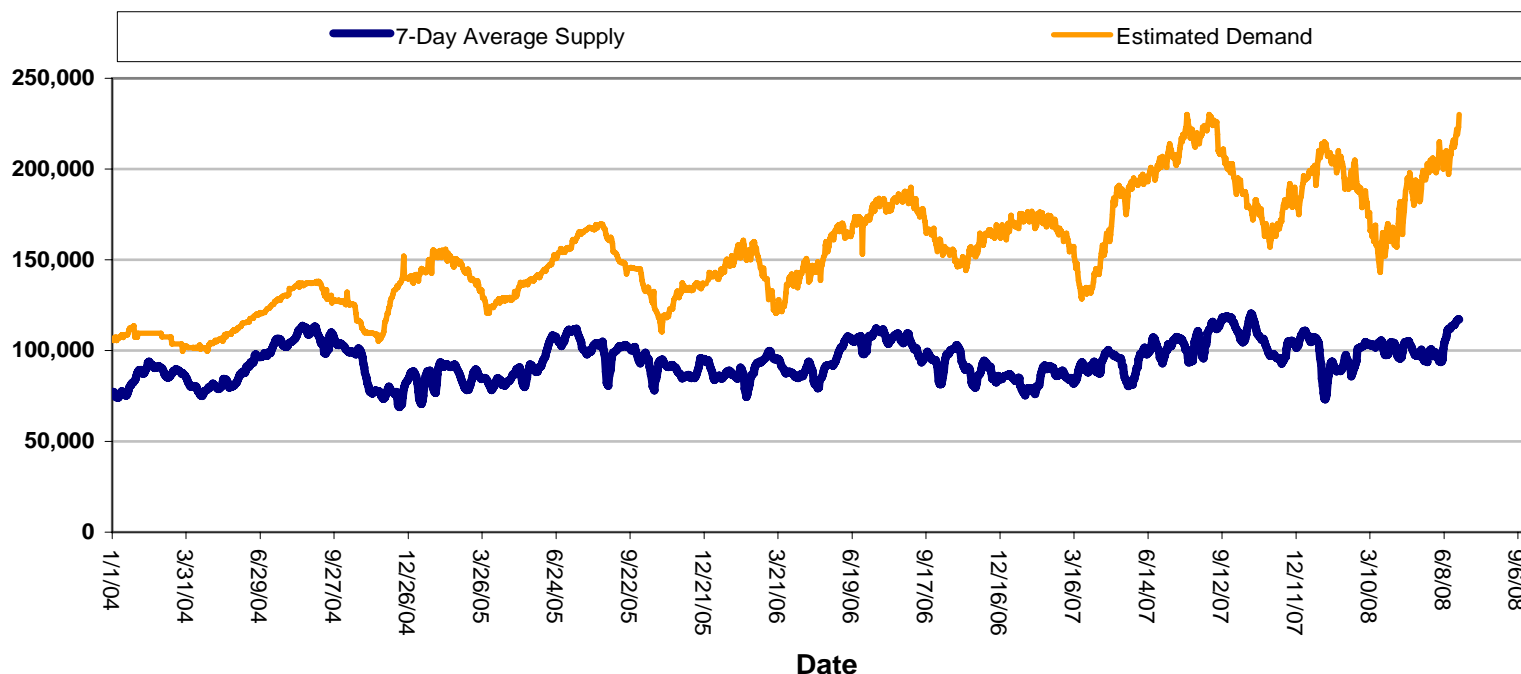
Note: This is a daily average for August 25 – 31

- Diesel: 19.7 ML supply of 24.5 ML target
- Kerosene: 8.7 ML supply of 14.6 ML target
- Gasoline: 15.3 ML supply of 26.8 ML target
- LPG: 2,894 tons supply of 5,100 tons target



## ECONOMIC – Electricity

Daily Electricity Supplied and Estimated Demand in Iraq Since January 2004

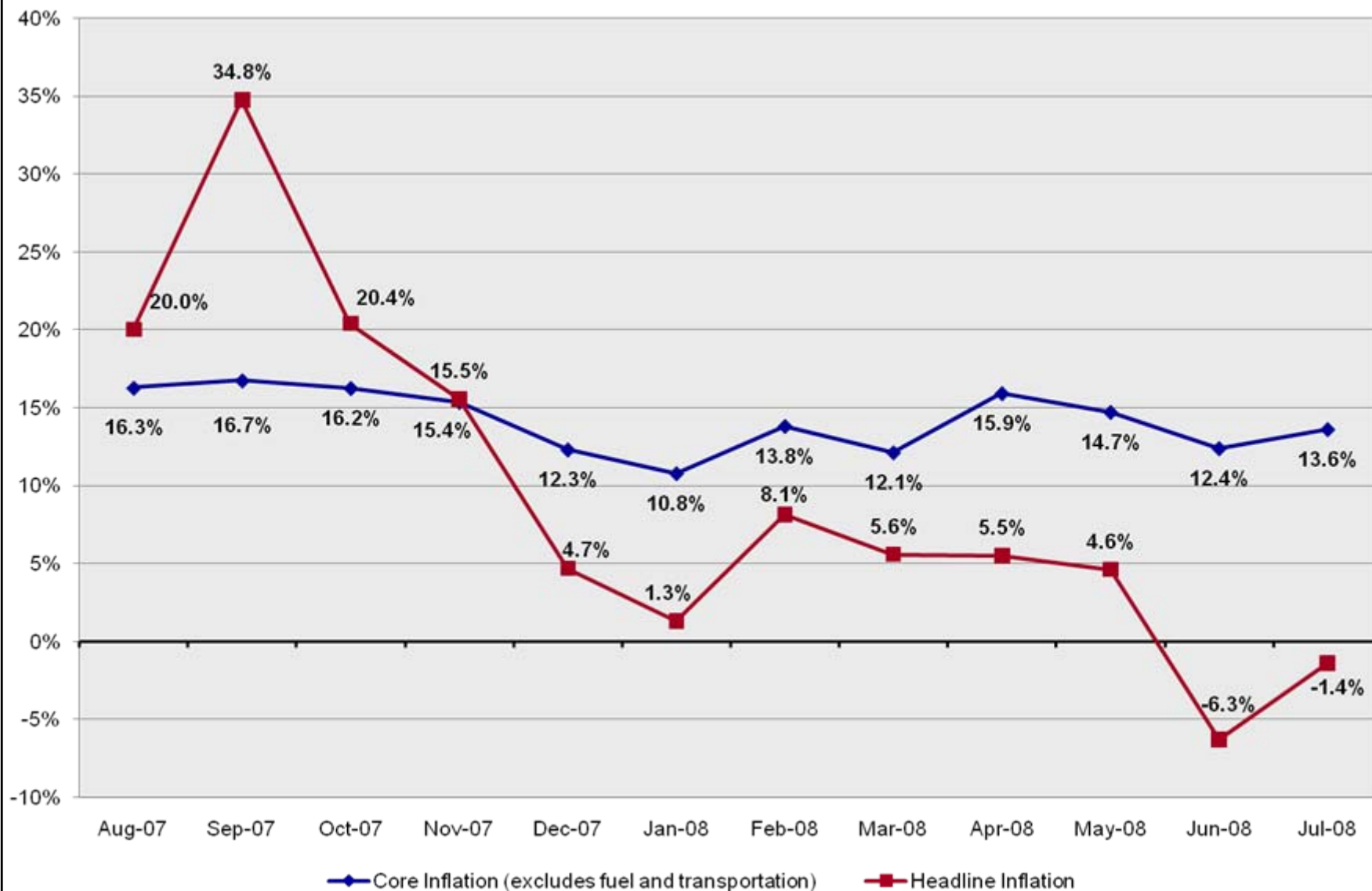


- Daily electricity demand August 25-31 was 7% above the same period last year. Daily supply from the grid was 2% below the year-earlier period and met 47% of demand, compared with 51% for the year-earlier period.
- For August 26-September 1 average hours of power from the grid after meeting demand from essential services were Baghdad:9.4 and national 9.7 Year-ago levels were Baghdad 6.6 and national 10.7.



# ECONOMIC – Economic Indicators

## Year-on-Year Inflation





## ECONOMIC – Economic Indicators

Economic Indicator	This Week	Last Week	Last Month	Last Year
<b>Iraqi Commercial Bond Sales</b>				
Price (USD)	\$74.40	\$74.75	\$74.05	\$62.82
Yield	8.51%	8.47%	8.56%	10.16%
<b>Central Bank's USD Currency Auction</b>				
USD Sold	\$114,249	\$65,601	\$114,366	\$66,957,492
NID Exchange Rate	\$1,185	\$1,187	\$1,187	\$1,254
<b>Total Employed by USG Programs</b>				
	123,553	124,064	130,661	N/A



## ECONOMIC - Iraq Relief and Reconstruction Fund (IRRF) 1 and 2

Sector\Status (Millions of USD)			Committed			Obligated			Disbursed		
	Allocated	Un-allocated	Last Week	Current	Change	Last Week	Current	Change	Last Week	Current	Change
Security and Law	\$4,943	\$4,943	\$0	\$4,943	\$4,943	\$0	\$4,865	\$4,865	\$0	\$4,943	\$4,943
Justice and Civil Society	\$2,265	\$2,265	\$0	\$2,258	\$2,258	\$0	\$2,178	\$2,178	\$0	\$2,265	\$2,265
Electricity Sector	\$4,064	\$4,064	\$0	\$4,056	\$4,056	\$0	\$3,906	\$3,906	\$0	\$4,064	\$4,064
Oil Infrastructure	\$1,597	\$1,597	\$0	\$1,597	\$1,597	\$0	\$1,580	\$1,580	\$0	\$1,597	\$1,597
Water and Sanitation	\$1,978	\$1,978	\$0	\$1,954	\$1,954	\$0	\$1,834	\$1,834	\$0	\$1,978	\$1,978
Transportation and Comm\	\$458	\$458	\$0	\$457	\$457	\$0	\$420	\$420	\$0	\$458	\$458
Roads, Bridges and Const\	\$283	\$283	\$0	\$283	\$283	\$0	\$257	\$257	\$0	\$283	\$283
Health Care	\$790	\$790	\$0	\$778	\$778	\$0	\$741	\$741	\$0	\$790	\$790
Private Sector Development	\$820	\$820	\$0	\$820	\$820	\$0	\$814	\$814	\$0	\$820	\$820
Edu\, Refugees, Human Rights	\$431	\$431	\$0	\$431	\$431	\$0	\$409	\$409	\$0	\$431	\$431
Admin Expense (USAID,DoS)	\$218	\$218	\$0	\$218	\$218	\$0	\$208	\$208	\$0	\$218	\$218
Rescission	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total IRRF II</b>	<b>\$17,849</b>	<b>\$17,849</b>	<b>\$0</b>	<b>\$17,796</b>	<b>\$17,796</b>	<b>\$0</b>	<b>\$17,212</b>	<b>\$17,212</b>	<b>\$0</b>	<b>\$17,849</b>	<b>\$17,849</b>
IRRF II Non-Construction	\$7,966	\$7,966	\$0	\$7,952	\$7,952	\$0	\$7,756	\$7,756	\$0	\$7,966	\$7,966
IRRF II Construction	\$9,363	\$9,363	\$0	\$9,324	\$9,324	\$0	\$8,939	\$8,939	\$0	\$9,363	\$9,363
IRRF II Overhead	\$520	\$520	\$0	\$520	\$520	\$0	\$517	\$517	\$0	\$520	\$520
<b>Total IRRF I</b>	<b>\$2,291</b>	<b>\$2,291</b>	<b>\$0</b>	<b>\$2,232</b>	<b>\$2,232</b>	<b>\$0</b>	<b>\$2,139</b>	<b>\$2,139</b>	<b>\$0</b>	<b>\$2,291</b>	<b>\$2,291</b>
<b>Grand Total IRRF I &amp; II</b>	<b>\$20,140</b>	<b>\$20,140</b>	<b>\$0</b>	<b>\$20,028</b>	<b>\$20,028</b>	<b>\$0</b>	<b>\$19,351</b>	<b>\$19,351</b>	<b>\$0</b>	<b>\$20,140</b>	<b>\$20,140</b>

**\*\*Note:** DOD input not available; no updates/changes reflected.

Data as of the 2<sup>nd</sup> of September 2008

Apportion amounts reflect those of the latest Executive Office of the President Report, published by the Office of Management and Budget. Committed, obligated and disbursed amounts reflect last numbers reported by each agency.



## DIPLOMATIC – Political Engagement

### Bahrain Names Ambassador to Iraq:

- In what Reuters terms “the latest sign of warming ties between Baghdad and its Gulf Arab neighbors,” Salah al-Malki was named Bahrain’s first Ambassador to Iraq since 2003. Malki, who has previously served at the United Nations, will be Bahrain’s youngest Ambassador.

### Ministers Discuss Iraqi-Danish MOU, Ambassador’s Arrival:

- On August 28, the head of the Europe Department at the Iraqi Foreign Ministry met with Mr. Torkild Byg, the Danish Chargé d'affaires in Baghdad. The two discussed the development of bilateral relations, the bilateral Memorandum of Understanding between Iraq and Denmark, and the imminent arrival of the new Danish Ambassador to Iraq, Mr. Michael Himinte Winter.

### Ongoing Demarcation Negotiations Between Iraq and Iran:

- On August 31, Dr. Mohammed Hajj Hmoud, Iraqi Foreign Ministry Undersecretary for Legal Affairs met Iranian Foreign Minister Mottaki. The two discussed the strengthening of bilateral relations, border demarcation negotiations taking place in Tehran, and ways to address remaining grievances stemming from the Iraq-Iran war.



## DIPLOMATIC – Coalition Contributors

### 24 Countries with forces in Iraq (including US)

Albania	Czech Republic	Kazakhstan	Poland
Armenia	Denmark	Korea	Romania
Australia	El Salvador	Latvia	Tonga
Azerbaijan	Estonia	Lithuania	Ukraine
Bosnia-Herzegovina	Georgia	Macedonia	United Kingdom
Bulgaria	Japan	Mongolia	

### **30 Countries and NATO\*** (including the US) **Support Iraqi Stability Operations**

\*30 includes the US, the 23 countries listed above, and six non-MNF-I countries: Hungary, Italy, Netherlands, Portugal, Slovenia, Turkey

Note: Fiji and New Zealand, participating as a part of the UN Assistance Mission in Iraq (UNAMI), are not included.





## CONTACT INFORMATION

- This brief draws from multiple sources. References are cited on the following pages.
- Please forward all questions and/or comments to:  
[NEA-I-IPOG-DL@state.gov](mailto:NEA-I-IPOG-DL@state.gov)



## NOTES AND SOURCE CITATIONS (1 of 2)

Slide 4:

- **August 22 Weekly Activity Report from Sr. Refugee Coordinator in Baghdad**

Slide 5:

- **BBC, September 3, [http://news.bbc.co.uk/1/hi/world/middle\\_east/7595763.stm](http://news.bbc.co.uk/1/hi/world/middle_east/7595763.stm)**

Slide 6-7:

- Department of State, NEA/I Political Section, [NEA-I-POL-DL@State.gov](mailto:NEA-I-POL-DL@State.gov)

Slide 8:

- **American Forces Press Service, September 1 - [http://www.mnf-iraq.com/index.php?option=com\\_content&task=view&id=22096&Itemid=1](http://www.mnf-iraq.com/index.php?option=com_content&task=view&id=22096&Itemid=1)**
- **Reuters, August 31- <http://uk.reuters.com/article/homepageCrisis/idUKLV159246.CH.242020080831>**

Slide 9:

- **MNFI Press Release, August 29- [http://www.mnf-iraq.com/index.php?option=com\\_content&task=view&id=22053&Itemid=128](http://www.mnf-iraq.com/index.php?option=com_content&task=view&id=22053&Itemid=128)**
- **MNFI Press Release, August 30- [http://www.mnf-iraq.com/index.php?option=com\\_content&task=view&id=22064&Itemid=21](http://www.mnf-iraq.com/index.php?option=com_content&task=view&id=22064&Itemid=21)**

Slide 10:

- **DoD Input to Iraq Weekly Status Report September 03, 2008**

Slide 11:

- **Bloomberg News - <http://www.bloomberg.com/apps/news?pid=20601087&sid=ae9CkrKuzJdo&refer=home>**

Slide 12:

- **The Financial Times, September 2 - [http://www.ft.com/cms/s/0/f0f5eb64-784e-11dd-acc3-0000779fd18c.html?ncllick\\_check=1](http://www.ft.com/cms/s/0/f0f5eb64-784e-11dd-acc3-0000779fd18c.html?ncllick_check=1)**

Slide 13:

- **BBC, September 2 - <http://news.bbc.co.uk/2/hi/business/7585790.stm>**

Slide 14:

- **International Herald Tribune, AP, August 27 - <http://www.iht.com/articles/ap/2008/08/27/business/ME-Iraq-Oil-Exports.php>**

Slide 15:

- **MNF-I, August 30 - [http://www.mnf-iraq.com/index.php?option=com\\_content&task=view&id=22069&Itemid=46](http://www.mnf-iraq.com/index.php?option=com_content&task=view&id=22069&Itemid=46)**



## NOTES AND SOURCE CITATIONS (2 of 2)

Slide 16-18:

- Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov

Slide 19:

- Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov
- The chart shows average daily power production in megawatt hours (MWh). 120,000 MWh goal equates to 20 hours at 6000 MW average supplied load or 24 hours at 5000 MW average supply load.

Slide 20:

- Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov

Slide 21:

- Derived from Multiple Sources. (ITAO IMU Essential Indicators Report, Baghdad, 03 September 2008) (Bloomberg.org) (Central Bank of Iraq, Foreign Exchange Auction, CBiraq.org) (<http://www.cbiraq.org/C.B.I.%20FOREIGN%20EXCHANGE%20AUCTIONS.pdf>)

Slide 22:

- ITAO IMU Essential Indicators Report, Baghdad, 04 September 2008.

Slide 23:

- August 28, Reuters - <http://www.reuters.com/article/politicsNews/idUSLV21880320080831>
- August 28, Iraq Ministry of Foreign Affairs - <http://www.mofa.gov.iq/english/news/display.aspx?NewsID=5165>
- September 2, Iraq Ministry of Foreign Affairs - <http://www.mofa.gov.iq/english/news/display.aspx?NewsID=5184>

Slide 24:

- DOD Input to Weekly Status Report, updated September 03, 2008